IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:
 	
    JIVENDRA K. KALE
 	
    MICHAEL J. BEST
 	
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    Orinda, CA-94563
 	
Application No.: 09/672,116
 	
Filed: September 27, 2000
 	
For: INVESTMENT PORTFOLIO CONSTRUCTION METHOD AND SYSTEM
	Confirmation No. 7098
	
	Examiner: COLBERT, ELLA
	
	Technology Center/Art Unit: 3624
	
	COMMENTS ON
	
	TYPOGRAPHICAL ERRORS
	
	IN EXAMINER'S AMENDMENT
	
	IN NOTICE OF ALLOWABILITY

Mailed: March 14, 2006
At: Orinda, California

Mail Stop ISSUE FEE
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

       In response to the Notice of Allowability mailed January 18, 2006 on the above-referenced application:

Corrected Drawings have been enclosed as replacement sheets for Figures 1 through 5, in response to Item 2, Drawings, in the Detailed Action in the Notice of Allowability.

Comments on Typographical Errors in Examiner's Amendments to Claims 1 and 8 begin on page 2 of this paper.

Comments on Typographical Errors in Examiner's Amendments to Claims 1 and 8:

The examiner amended Claims 1 and 8 by adding one line in each claim. The examiner's amendment in each claim is underlined.

The examiner's amended Claims 1 and 8 contain typographical errors in the equations and in the related explanation of the items in the equations.

In the **first equation** in both Claims 1 and 8, the typographical errors are associated with the lower case letter "l" and the number "1".

> The lower case letter "l" should appear only once as a part of "ln" which precedes the left parenthesis. "ln" represents the natural logarithm.

> In the expression "1+r" in parentheses, the "1" should be the number "1".

> In the explanation following the equation "U_1 presents" should be "U_1 represents".

In the **second equation** in both Claims 1 and 8, the typographical errors are associated with the lower case letter "l" and the number "1", the Greek letter "gamma", and the upper case letter "L" and the number "1".

> The upper case "Y" in the examiner's amendment should be the Greek letter "gamma" and the lower case "y" in the examiner's amendment should be the same Greek letter "gamma" in a slightly smaller font size since it is a superscript.

> In the expression "1+r" in parentheses the "1" should be the number "1".

> The upper case letter "L" in the examiner's amendment should be the number "1".

> In the explanation following the equation "Y" should be the Greek letter "gamma".

Claims 1 and 8 listed below are as amended by the examiner, but corrected for the typographical errors noted above. Except for the single line added by the examiner in each claim (underlined), the language in each claim listed below is identical to the language of the claim to which the examiner added the single line amendment.

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Listing of Claims as Amended by the Examiner, but Corrected for Typographical Errors:

1. A computer-implemented method of allocating investment funds to a plurality of assets to construct an investment portfolio having a utility defined by at least a first function U_1 for positive rates of returns and a second function U_2 for negative rates of returns, the computer-implemented method comprising:

selecting a plurality of assets in the portfolio; and

allocating the investment funds to the said plurality of assets to maximize an expected utility of the investment portfolio; wherein the at least first function U_1 is a log-utility function wherein said log-utility function is at least characterized by the following:

$$U_1 = 1 + \ln(1 + r) \quad \text{for } r \geq 0$$

where U_1 represents the portfolio's utility to the portfolio holder, r represents the portfolio's return, and ln is a symbol for natural logarithm, and wherein the at least second function U_2 is a power-utility function wherein said power-utility function is at least characterized by the following:

$$U_2 = \frac{1}{\gamma}\left[(1+r)^{\gamma} + \gamma - 1\right] \quad \text{for } r < 0$$

where U_2 represents the portfolio's utility to the portfolio holder, r represents the portfolio's return, and γ represents the loss-aversion of the portfolio holder and has a value of less than or equal to 0.

8. A computer system for allocating investment funds to a plurality of assets to construct an investment portfolio having a utility defined by at least a first function U_1 for

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positive rates of returns and a second function U_2 for negative rates of returns, the computer

system comprising:

   a processor; and

   a memory coupled to the processor, said memory storing a plurality of code

modules for execution by the processor, the plurality of code modules comprising:

   a code module for selecting a plurality of assets in the portfolio; and

   code modules for allocating the investment funds to the said plurality of assets to

maximize an expected utility of the investment portfolio; wherein the at least first function U_1 is

a log-utility function wherein said log-utility function is at least characterized by the following:

$$U_1 = 1 + \ln(1+r) \quad \text{for } r \geq 0$$

where U_1 represents the portfolio's utility to the portfolio holder, r represents the portfolio's

return, and ln is a symbol for natural logarithm, and wherein the at least second function U_2 is a

power-utility function wherein said power-utility function is at least characterized by the
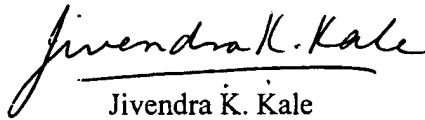
following:

$$U_2 = \frac{1}{\gamma}\left[(1+r)^{\gamma} + \gamma - 1\right] \quad \text{for } r < 0$$

where U_2 represents the portfolio's utility to the portfolio holder, r represents the portfolio's

return, and γ represents the loss-aversion of the portfolio holder and has a value of less than or

equal to 0.

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Very respectfully,

Jivendra K. Kale   *M J Best*

    Jivendra K. Kale   Michael J. Best

———————————— Applicants Pro Se ————————————

Enclosures:

(1) Form PTOL-85 Part B – Fee(s) Transmittal.

(2) Issue Fee and Advance Order check.

(3) Corrected Drawings as replacement sheets for Figures 1 through 5, in response to Item 2, Drawings, in the Detailed Action in the Notice of Allowability.

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